



To whom it may concern:

My name is Rachel Pruitt and I'm a loan processor at ELGA Credit Union. I'd like to start off by explaining a little of what I do at the credit union. Currently I disburse funds on a loan and audit these loans to make sure they are in compliance. Along with this I teach members to budget through a one on one session as well as through a budgeting blog. Through this I hope I am able to help many members and advise these members in what is their best interest through teaching them how to budget, maintain their finances, and leave a cheaper lifestyle.

Through my experience I have found that the life and disability insurance has helped many of our members. One of our members I have personally helped through many budgeting sessions cannot afford a separate life and disability insurance policy like many of our other members. In her case it was absolutely in her best interest to purchase this on her unsecured loan as to not leave an outstanding debt when she passes away, or if she is disabled. This way it is only a couple dollars a month on her loan. I would truly like to point out that in our area I see many people that are living very much paycheck to paycheck and simply cannot afford the added expense of life and disability insurance. Though I absolutely encourage this when a member comes in, my main concern is getting them into a situation where they are making enough money to pay their bills each month.

I would like to also point out that the idea of these federal regulations are supposed to allow members to make an informed decision, not encourage them to either take or not take the insurance. This paper, though I do think helps members get more information, should be worded in a less bias way. Most members purchase things with their feelings, and after reading this I believe many will feel stupid for thinking of purchasing this product. I would not want this paper to encourage insurance or discourage in any way.

I also think the paper should be written with correct facts. The idea that "Other types of insurance can give you similar benefits and are often less expensive" is not necessarily true. Most other policies will not do as small of an amount as the loan amount, and many other people will not be able to afford a 10,000 life insurance policy. It is important to not only remember that we want our members to make informed decisions, but also to make the decision that is in their best

interest. Having no insurance because this paper tells them not to and they cannot afford a life insurance or disability insurance is not very good.

I am a true believer that you cannot have too much life or disability insurance. I think it is important to understand that this is supplemental insurance, and not full life or disability insurance. It is also important to remember if you have been in this situation at all that when a loved one passes away it is difficult enough to deal with the emotional distress that comes from this situation let alone to figure out how the loans will be paid. This is the same with the disability. If you have been put on disability it is hard enough to have lost your income for the most part let alone to have to figure out how the bills will be paid each month. Can you imagine how much relief comes from finding out that you don't have to pay your car loan while you are out? A two or three hundred dollar loan being paid for you can make a world of difference to your budget when you have lost a huge chunk of your pay. In this economy we have had many people that have said if they did not have this insurance they would have lost everything, including one of our employees.

Putting the cost of the insurance at the highest cost underline and bolded makes this a very difficult thing to explain to a member. Why not have that field empty that you fill in with the correct amount? This would better educate the member and also help the member make an informed decision on if they would like the insurance. \$63 a month is a very high figure and will do nothing but discourage the member to take the insurance. Instead putting a realistic number in there will give the member a better understanding of how much he/she will have to pay each month.

Having "you may not receive any benefits even if you buy this product" is also an extremely negative and unnecessary way of wording on how insurance works. Any insurance policy has stipulations on how much you will be paid out and whether you will be paid out as well. Why not include what you will be paid out for and what you would not be paid out for? If this is the case I feel this should be included in any insurance sales whatsoever. I believe people are very aware that insurance is paid out on a case by case basis, and we give them a pamphlet to better understand the stipulations of the insurance in which they are paying for. Our employees are also put through a very difficult training to learn how to approach members regarding the insurance and what the insurance means to the member. Our employees are also the ones determining who is eligible and not eligible, and if the member is not eligible he/she will not be given the product. For example, when selling life insurance all of our employees ask the member if they have had pre-existing conditions 6 months or less prior to the date they are doing the loan in order to decide whether to sell this product. Also, the member does get refunded the money paid to the insurance if the member was not covered. In 3 years we have paid out \$319,459 in life claims and \$499,084 in disability claims. I think this goes to show how many members we were able to help in a time of deep distress.

Another thing about insurance that I think is necessary to point out is that you cannot get any other life insurance without a full physical. This policy is given to our members without requiring them to meet with a doctor and get a full physical done to make sure they are in perfect health. As long as the member has not had any pre-existing condition within six months of the start of the loan and is under 71, he/she will in fact get paid out for life. Our employees are very good at making sure the member only pays for the insurance while he/she is eligible.

Lastly I would like to remind you that it is not the document I have a problem with but the way it is worded. These regulations are put in place to help the member and it is important to realize that the members will take these very seriously, so if you are writing a very negative letter you are essentially telling them to not buy the insurance. Instead all this information can be given in an unbiased way, leaving the member free to choose whatever is in his/her best interest. Our credit union is not in a very good area, and most people over here do not carry insurance because they simply have not been taught to or do not have the money to. As a credit union we care very much about our membership and what is best for the member and the membership as a whole. Making it so the members do not buy this product when they need it will not only hurt them, but also hurt the membership who shares in both our profits and our losses through their fees and interest rates, which in turn also hurts our employees and lowers their income. If a member passes away and a loan does not get paid, or if a member loses his job and is not able to pay us because they don't have insurance, it will only hurt the membership as a whole.

I hope you find this helpful in deciding how to go about informing the members on life and disability insurance. Thank you for your time.

Sincerely,

Rachel Pruitt
ELGA Credit Union
Loan Processor